Cost Transfer Policy
Frequently Asked Questions (FAQs)

What is a Cost Transfer?

A cost transfer is an after-the-fact reallocation of charges, either salary or non-salary, to or from a grant or contract account.

What is the Cost Transfer Policy?

The Cost Transfer Policy is the guideline which outlines how a cost transfer is to be initiated and completed. The policy governs all transfer transactions for grants or contracts.

Why is this policy being implemented?

Federal regulations require that all institutions receiving federal funds have a cost transfer policy in place. Federal regulations and funding agency requirements limit the circumstances under which cost transfers are allowed.

Where can I find the Cost Transfer Policy?

The Cost Transfer Policy and Cost Transfer Form can be found on the Grants Office website at https://www.wmich.edu/grantscontracts/policies

What information needs to be included on the Cost Transfer Form?

In addition to basic project information, the required information includes the department ID and account code for the accounts for which you are requesting the charges be transferred to/from and the date, description and amount of the original charge.

In addition, an explanation of why the transfer is being requested is required.

What should be included in the explanation for the cost transfer?

Generally, explanations for cost transfers should address why the expense was originally charged to an account or line item, why the charge needs to be transferred to/from the grant account, and if the charge is being transferred, why the charge is allowable and allocable based on the terms and conditions of your award.

Are generic statements such as “to correct an error” or “the transfer was delayed” acceptable explanations for transfers?

As noted above, the explanation should be as specific as possible and thorough explanations should be provided as a justification for the transfer.
What signatures are required on the Cost Transfer form?

The Cost Transfer form must be signed by the Principal Investigator and Chair/Department Head. The Dean/VP signature is required if the cost transfer request is over 90 days. The Grants & Contracts Office will either approve or deny the cost transfer request.

The Principal Investigator must sign the Cost Transfer form first. By signing the form, the Principal Investigator is certifying that the charges being transferred are appropriate and allowable expenditures on the grant or contract according to the terms of the award.

The Chair/Department head and or Dean/VP will review and sign the form. This signature approves the transfer to be processed and the charge to be moved to or from the Department ID (cost center) listed on the form.

The Grants Office will then verify that the charges are appropriate and allowed by the terms of the award. **Once approved, the Grants & Contracts Office will forward the form to the appropriate official, such as Dean or Department Chair.**

Once the form is approved by the Grants & Contracts Office the department prepares a journal entry to move the expense.

If the charges are not appropriate or are deemed unallowable, the form will be returned to the Principal Investigator with a note explaining why the transfer cannot be approved.

**How do I submit a Cost Transfer Form?**

After all signatures have been obtained the cost transfer form with supporting documentation is forwarded to the Grants & Contracts Specialists assigned to your grant.

**What is the time period for submitting a Cost Transfer Form?**

Cost Transfer form must be submitted and approved by Grants and Contracts within 90 days of the end of the month in which charges were initially posted or within 30 days of the expiration of the grant. The 90 days begins at the end of the accounting month that the original transaction was posted. Cost transfers will not normally be approved for charges made within 30 days of the grant or after the end of a grant (unless they are for routinely charged expenses made throughout the grant period). **Also, cost transfers should be made with the same fiscal year.**

**Payroll expenses** must be completed before the ecrt confirmation period has ended.

**Why is the time period for cost transfers only 90 days?**

Federal regulations govern the amount of time that cost transfers are allowed to be made. In order to comply with these regulations, WMU’s policy is that all cost transfers (excluding payroll expenses) must be made within 90 days of the original expense. The 90 days begins at
the end of the accounting month that the original transaction was posted. **Payroll expenses** must be completed before the ecrt confirmation period has ended.

**When are cost transfer forms not required?**

The cost transfer form and justification are not required, for the following, if made within 90 calendar days but documentation of the expense must accompany the journal entry.

Please note that 90 calendar days is not three months. Use the **Cost transfer calculator** to determine the deadline for your cost transfer.

- Transfer of pre-award expenses which were charged to a departmental account.
- Routine reallocation of costs charged elsewhere.

Routine reallocations of costs can be characterized as the distribution of shared services or service center charges to sponsored and/or non-sponsored awards based on an allocation methodology. Examples include: telephone, photocopying, service center, animal per diems, glass washing, materials and supplies, technical support, and data storage. Routine reallocation of these costs to federal awards must be done within 90 days of the original charge. Distribution must occur at regular intervals (e.g. monthly).

- Payroll expenses that are before the end of the confirmation period on ecrt

**When can I expect the cost transfer to be complete? How will I be notified?**

There is currently no specific time frame designated for when a cost transfer will be complete (anticipate 2-5 business days for review in Grants and Contracts). As noted above, there are either two or three levels of approval required before the cost transfer can be completed. The principal Investigator will be notified when the cost transfer request has been approved.

**What if I have a new grant and the department ID has not been set-up?**

The Grants & Contracts Office will set-up a department ID (cost center) as quickly as possible once a notice of grant award is received by the University. The Proposal Approval Form must be completed before an account can be established.

If the university has not yet received the award and you need to spend on the grant the Principal Investigator should request a pre-award spending account. Once the pre-award spending account form is completed the Grants & Contracts Office will assign a department ID (cost center). The Department ID should be used to process expenditures up to the authorized spending amount indicated on the pre-award spending account request form.

Contact the Restricted Fund Accountant assigned to your department to discuss your situation before expending any funds.

Revised 9/11/18
Can salaries be transferred?

Yes. They must be completed before confirmation periods ends on ecrt. However, we recommend that all personnel documents are submitted as close to the start date of a grant as possible.